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# STATE OF INDIANA

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DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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## **Review of Fiscal Impact Analysis Concerning Town of Zionsville and Perry Township**

Pursuant to IC 36-1.5-4-18(e) (Version b), the legislative bodies of reorganizing political subdivisions preparing a plan of reorganization after December 31, 2013, must submit a fiscal impact analysis (“Analysis”) to the Department of Local Government Finance (“Department”) at least six months before the election in which the public question will be on the ballot. The Department must do the following within a reasonable time, but not later than 30 days before the date of the election in which the public question will be on the ballot:

- (A) Review the Analysis.
- (B) Make any comments concerning the Analysis that the Department considers appropriate.
- (C) Provide the Department’s comments to the legislative body of the reorganizing political subdivisions.
- (D) Post the Department’s comments on its website.

Following its review of the Analysis submitted by the Town of Zionsville (“Town”) and Perry Township (“Township”) (collectively, the “Units”), the Department offers the following comments:

1. The Units point to IC 36-1.5-4-1(a)(2) and (11) as authority for the proposed reorganization. Subdivision (a)(2) states that “Two (2) or more townships located entirely within the same county” may reorganize, provided that “A township reorganizing under this subdivision must be adjacent to at least one (1) other township participating in the reorganization.” The Town claims that Perry Township is adjacent to Eagle Township, which was reorganized into the Town in 2010. However, Eagle Township ceased to exist as a legal entity in 2010 (IC 36-1.5-4-6 provides that “When a reorganization . . . is effective[,]” “all of the participating political subdivisions, except the reorganized political subdivision, cease to exist”) and thus is incapable of “participating in the reorganization.” Therefore, the Department notes that questions remain as to the legal foundation for the proposed reorganization.
2. Indiana Code 36-1.5-4-18(d)(2)(B) requires that the Analysis contain an explanation of “how specific and detailed expenses will be funded from taxes, fees, grants, and other funding.” The Analysis provides little detail on the various miscellaneous revenues used to currently fund the Town or the Township and does not address changes in such funding as a result of the reorganization.
3. Indiana Code 36-1.5-4-18(d)(4) requires that the Analysis document “Any estimated effects on political subdivisions in the county that are not participating in the reorganization and on taxpayers located in those political subdivisions.” The Analysis is mostly lacking in this information, especially as to the proposed reorganization’s impact on the Town of Whitestown, part of which will sit in a one-half mile separation between the Units. In addition, the Analysis is silent as to effects on

schools or the county unit. No discussion is provided describing the impact, if any, on the allocation of income tax dollars or other miscellaneous revenues to other units within Boone County.

The Analysis provides a circuit breaker credit calculation to demonstrate the potential impact of the reorganization on other taxing units. The Analysis does not contain details on this calculation to allow the Department to verify its accuracy. In particular, the Department is concerned about the potential circuit breaker credit impact to Lebanon Community School Corporation as it is located in the Perry Township taxing district which the Analysis indicates will have a tax rate increase of over 10%, though the Analysis is showing no additional circuit breaker impact to the Lebanon Community School Corporation as a result of the proposed reorganization.

4. The Analysis does not address the effects of the proposed reorganization on existing tax increment finance ("TIF") districts or their outstanding debt. Of particular concern would be those county TIF districts that are currently located in Perry Township. County TIF districts would not receive additional revenue as a result of the reorganized Town of Zionsville tax rate but may experience a loss in TIF revenue as a result of the reduction of the Township tax rate.
5. The Analysis provides that the proposed reorganization will benefit Perry Township by transferring certain duties to the Town of Zionsville (maintenance of cemeteries, weed control, township assistance and fire responsibilities) and that the township board and trustee positions will be abolished. However, the Analysis offers no legal support for this in light of that fact that the reorganized Town of Zionsville will include only a part of Perry Township. A portion of the Township is currently incorporated into the City of Lebanon and the Town of Whitestown. The Analysis provides no indication how required township services will be provided to citizens of the City of Lebanon and the Town of Whitestown that are located in Perry Township or under what authority the reorganized Town of Zionsville can do so.

The Department notes that it met with representatives from the Town of Zionsville (Jeff Papa [President of Zionsville Town Council]; Nicholas Kile [Barnes and Thornburg]; and Angie Steeno [Crowe Horwath LLP]) on July 28, 2014 concerning the proposed reorganization.

The Department expressed its concerns about the legal basis for the proposed reorganization. The Town representatives indicated that the proposed reorganization is being litigated following a lawsuit filed by the Town of Whitestown.

The Town represented that it will provide township assistance services to the full geographic area of Perry Township, including the portions currently included in the City of Lebanon and the Town of Whitestown. The representatives for the Town also asserted that the reorganization will not affect any TIF district, although they acknowledged that they did not consider the county TIF district in the Analysis.